

## SETTLEMENT AGREEMENT

This SETTLEMENT AGREEMENT (the "Agreement"), dated as of May \_\_, 2018, is made by and between Richard D. Sparkman, Chapter 7 Trustee ("Trustee") for SONA BLW Precision Forge, Inc., Case No. 16-04336-5-DMW, and SONA Autocomp, LLC ("Autocomp") for itself and on behalf of its affiliates: SONA BLW Precision Forge, Inc., SONA BLW Precision Forgings, Ltd., SONA BLW Prazasionsschmiede GmbH, and SONA AutoComp Germany.

WHEREAS, the Trustee is the duly appointed chapter 7 trustee in the SONA BLW Precision Forge, Inc. ("BLW") bankruptcy case; and

WHEREAS, BLW was part of a consolidated group pursuant to 26 U.S.C. §1502 and 26 C.F.R. §1.1502-6 for federal income tax purposes, of which Autocomp was the parent; and

WHEREAS, Autocomp filed a consolidated federal income tax return for the fiscal year ending March 31, 2014 for itself and BLW, its wholly owned subsidiary (the "2014 Return") and paid \$303,680.00 in federal taxes. The source of this payment was BLW, which was also the source of the income that gave rise to the tax obligation; and

WHEREAS, Autocomp filed a consolidated federal income tax return for the fiscal year ending March 31, 2016 for itself and BLW (the "2016 Return"), which reflected a loss in excess of \$10,000,000. The loss was incurred by BLW; and

WHEREAS, Autocomp filed an amended consolidated 2014 Return for itself and BLW (the "Amended 2014 Return"), to claim a net operating loss carryback from the loss in the 2016 Return, and to claim a refund of taxes paid with the original 2014 Return; and

WHEREAS, Autocomp received a refund based on the Amended 2014 Return in the amount of \$219,851.30, which sums are presently held in the trust account of counsel for Autocomp; and

WHEREAS, the Court ordered previously in BLW's bankruptcy case that the costs of preparing the necessary tax returns would be deducted from the refunds received; and

WHEREAS, CliftonLarsonAllen LLP has billed and been paid \$14,672.30 by AutoComp for the consolidated federal income tax return for FYE March 31, 2016, and \$9,582.86 for the consolidated federal income tax return for FYE March 31, 2017. The Trustee has paid CliftonLarsonAllen LLP the amount of \$4,580.01 for the amended consolidated federal income tax return for FYE March 31, 2014, which payment was approved by the Bankruptcy Court on May 14, 2018 (together with other accounting work) (Doc 380); and

WHEREAS, a dispute arose between the Trustee and Autocomp as to rights to the tax refund paid to Autocomp based on the Amended 2014 Return, each party contending that it was entitled to the entire \$219,851.30 refund; and

WHEREAS, subject to approval by the Bankruptcy Court in BLW's bankruptcy case, the parties have reached a settlement as to the rights of each to the \$219,851.30 refund and other matters, the terms of which are memorialized herein.

NOW, THEREFORE, the Trustee and Autocomp hereby agree as follows:

1. Within ten (10) days after the date of the Court's approval of this Settlement Agreement (the "Agreement"), counsel for Autocomp shall deliver a check in good U.S. funds in the amount of One Hundred Thousand Eighty-Eight and 08/100 Dollars (\$100,088.08) (the "Settlement Payment") made payable to Richard D. Sparkman, Chapter 7 Trustee for SONA BLW Precision Forge, Inc. Payment may be sent to the attention of Richard D. Sparkman, Chapter 7 Trustee to P.O. Box 1687, Angier, North Carolina 27501. The Settlement Payment represents one-half of the \$219,851.30 tax refund less \$9,837.57 as the net reimbursement by BLW to Autocomp for one-half of the tax preparation charges for consolidated federal income tax returns filed for FYE 3/31/2016, 3/31/2017 and the amended return for FYE 3/31/2014 which carried back the net operating losses from the FYE 3/31/2016 return.

2. The claims of Autocomp and its affiliates, SONA BLW Precision Forge, Inc., SONA BLW Precision Forgings, Ltd., SONA BLW Prazasionsschmiede GmbH, and SONA AutoComp Germany (collectively, the Affiliates"), filed in this case will be allowed as timely-filed general unsecured claims in the amounts claimed as follows:

Claim No. 36-1	SONA BLW Precision Forge, Inc.	\$ 31,532.54
Claim No. 43-1	SONA BLW Precision Forge, Inc.	\$ 500.00
Claim No. 79-1	SONA BLW Precision Forge, Inc.	\$ 8,212.20
Claim No. 80-1	SONA AutoComp US	\$ 770.00
Claim No. 93-1	SONA BLW Precision Forgings Ltd.	\$ 8,015,733.76
Claim No. 117-1	SONA BLW Prazasionsschmiede GmbH	\$ 281,696.96
Claim No. 118-1	SONA AutoComp Germany	\$ 187,737.82

(the "Affiliate Claims")

3. The Trustee will not seek to subordinate the Affiliate Claims to allowed claims of other general unsecured creditors.

4. The Trustee on behalf of the bankruptcy estate, hereby releases Autocomp and the Affiliates from all claims, demands, accounts, duties, damages, losses, expenses, costs, debts, obligations, causes of action and remedies therefor, choses in action, rights of indemnity and liability arising under Chapter 5 of the Bankruptcy Code.

5. Autocomp, for itself and its Affiliates hereby releases the Trustee and the bankruptcy estate, from all claims, demands, accounts, duties, damages, losses, expenses, costs,

debts, obligations, causes of action and remedies therefor, choses in action, rights of indemnity and liability whatsoever, except the Affiliate Claims and any rights set out in this Agreement.

6. The Trustee and Autocomp will be jointly responsible for the payment of any fees for preparing federal income tax returns for fiscal years ending after 3/31/2017 or amendments to previous year federal income tax returns filed on a consolidated basis and each shall pay one-half of any amount charged for preparation of any such tax return.

7. This Agreement is subject to approval by the Bankruptcy Court. Counsel for Autocomp will hold the funds in trust pending court approval of this Agreement.

8. Upon the entry of an order by the Bankruptcy Court approving this Agreement, the Settlement Payment shall be paid to the Trustee and become property of the estate of BLW.

9. To the extent not governed by the Bankruptcy Code, this Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, without giving effect to rules governing the conflict of laws.

10. This Agreement may be executed in one or more counterparts (whether manually signed or by facsimile or other electronic means), and each such counterpart shall be deemed an original, and all such counterparts shall constitute one and the same agreement.

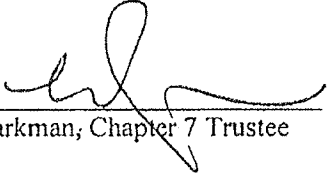
11. This Agreement may not be amended, changed, modified, altered, or terminated unless the parties hereto agree in writing to such amendment, change, modification, alteration, or termination. The parties hereto agree to be bound by the terms of this Agreement, pending Bankruptcy Court approval.

12. The parties agree that the Bankruptcy Court shall retain the exclusive and sole jurisdiction to resolve any controversy or claim arising out of or relating to this Agreement or the implementation or the breach hereof. The parties consent to the core jurisdiction of the Bankruptcy Court, to the constitutional authority of the Bankruptcy Court to enter a final judgment, and agree to have waived any right to a jury trial in connection with any disputes related to or arising out of this Agreement.

13. In the event the Trustee does not receive the Settlement Payment as set forth in paragraph 1 above, then at the sole discretion of the Trustee, this Agreement shall be null and void and without force or effect. The Trustee shall give written notice to Autocomp's counsel, John Northen of Northen Blue, LLP, P.O. Box 2208, Chapel Hill, North Carolina 27515-2208, of any election made by the Trustee under this paragraph.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first above written.

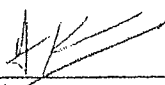
Richard D. Sparkman, Chapter 7 Trustee for  
SONA BLW Precision Forge, Inc.

  
Richard D. Sparkman, Chapter 7 Trustee


~~SONA~~ Autocomp USA, LLC

~~SONA~~-Autocomp, Inc., for itself and its affiliates:  
SONA BLW Precision Forge, Inc., SONA BLW  
Precision Forgings, Ltd., SONA BLW  
Prazasionsschmiede GmbH, and SONA AutoComp  
Germany

Himanshu Koirala

  
~~John Northern~~, Attorney for ~~SONA Autocomp, Inc.~~ <sup>USA, LLC</sup> for  
itself and its affiliates: SONA BLW Precision Forge, Inc.,  
SONA BLW Precision Forgings, Ltd., SONA BLW  
Prazasionsschmiede GmbH, and SONA AutoComp  
Germany

Note: references to "SONA Autocomp, LLC" are intended  
to refer to "SONA Autocomp USA, LLC"

  
Attorney for SONA Autocomp USA, LLC